



MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

EMPLOYMENT TRENDS

The seasonally adjusted unemployment rate for the Magic Valley Labor Market Area for June 2002 was 3.7 percent. This is one-tenth of a percentage point lower than May 2002 and three-tenths of a percentage point lower than June 2001. Employment continues to be strong in the Magic Valley and an unemployment rate below 4.0 percent is excellent.

There are some signs of slowing in the *Nonfarm Payroll Jobs*. Year-over-year, the overall *Nonfarm Payroll Jobs* are down 0.3 percent or a total of 110 jobs. Recent cutbacks in state budget appropriations in *Government Education* and *Government Administration* have resulted in a 2.5 percent and 3.0 percent decline, respectively, from last year. Also, *Transportation, Communications, & Utilities* and *Finance, Insurance, and Real Estate* have also dropped by 2.3 percent and 4.4 percent, respectively. The areas that have shown the greatest gains from last year are *Manufacturing-Durable Goods* and *Services*, which posted 4.6 percent and 3.9 percent gains, respectively. At present, the Magic Valley economy continues to be strong. In fact, compared to other areas of the state, it seems to be one of the top performers. Consumer confidence remains strong, especially in western Magic Valley, and thus far the local economy has weathered some of the national economic problems caused by huge bankruptcies and accounting scandals.

SPECIAL TOPIC

Mid-Year Assessment 2002

The Magic Valley economy has been an outstanding performer in the first half of 2002. Performance in a number of leading indicators, especially strong in the first quarter, has helped to produce robust economic health. In 2001, the city of Twin Falls set a record for new housing starts, and so far in 2002 it remains on a record pace. Retail sales in the first quarter were up in every county in

Magic Valley Table 1: Labor Force & Employment
Twin Falls, Jerome, and Gooding counties

	June 2002*	May 2002	June 2001	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	49,780	50,080	49,590	-0.6	0.4
Unemployment	1,840	1,900	1,970	-3.2	-6.6
% of Labor Force Unemployed	3.7	3.8	4.0		
Total Employment	47,940	48,180	45,090	-0.5	6.3
Unadjusted					
Civilian Labor Force	50,620	50,340	50,410	0.6	0.4
Unemployment	1,720	1,740	1,840	-1.1	-6.5
% of Labor Force Unemployed	3.4	3.5	3.7		
Total Employment	48,900	48,600	48,570	0.6	0.7
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs**	39,300	39,200	39,410	0.3	-0.3
Goods-Producing Industries	7,210	6,910	7,190	4.3	0.3
Mining & Construction	2,080	1,950	2,080	6.7	0.0
Manufacturing	5,130	4,960	5,110	3.4	0.4
Durable Goods	910	900	870	1.1	4.6
Nondurable Goods	4,220	4,060	4,240	3.9	-0.5
Food Processing	3,180	3,060	3,190	3.9	-0.3
All Other Nondurable Goods	1,040	1,000	1,050	4.0	-1.0
Service-Producing Industries	32,090	32,290	32,220	-0.6	-0.4
Transportation, Comm., & Utilities	2,540	2,680	2,600	-5.2	-2.3
Wholesale Trade	2,360	2,350	2,340	0.4	0.9
Retail Trade	8,110	8,060	8,320	0.6	-2.5
Finance, Insurance, & Real Estate	1,310	1,290	1,370	1.6	-4.4
Services	10,360	10,380	9,970	-0.2	3.9
Government Administration	3,930	3,850	4,050	2.1	-3.0
Government Education	3,480	3,670	3,570	-5.2	-2.5

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

South Central Idaho. The past winter did not start out to be a promising year for water storage, but it turned out to be adequate to sustain the crop year. The spring run off of water was almost perfect as cool weather prevailed. After a large drop off in the wake of the September 11 terrorist attacks, tourism has rebounded to nearly normal levels. The Sun Valley area reported a nearly normal year and the Pomerelle Ski Resort in Cassia County had record crowds. Construction continues to be strong in the Magic and Wood River Valleys and those jobs have helped the economy immensely. Expanded hiring at Dell Computers helped increase new job creation in the technology sector. Agricultural hiring has been strong this year and the dairy and food-processing industries, particularly the cheese industry, continues to be strong. Commodity prices are showing improvement and the outlook for the fall harvest is cautiously optimistic.

However, there are threats to the overall economic well-being. Nationally, both the Dow Jones and NASDAQ stock markets are reeling in a very

perplexing bear market. This sector-oriented versus cyclical market has many analysts worried in that it does not seem to follow any typical pattern. Temporary rallies are being crushed by huge sell-offs and even bargain hunters are showing unusual caution. Much of the difficulty has occurred from the huge bankruptcies and accounting scandals, particularly from WorldCom and Enron. It has shaken investor faith in the market and reliance on earnings figure accuracy that is a key basis for investing. How that will affect the Magic Valley economy remains to be seen, but local investors are worried about pension plans and mutual fund investments. Closer to home, the May 3, 2002 announcement of the closure of the J.R. Simplot potato processing plant in Heyburn has sent shock waves throughout all of southern Idaho. By the proposed closure date of April 2004, over 600 people at the plant and many others in surrounding sectors will lose their jobs. This cannot fail to have a serious and extreme effect on the Mini-Cassia economy and ripple effects throughout all of southern Idaho. Simplot contracts approximately 24,000 acres of potatoes in several counties and this recent decision will cause farmers to make hard choices regarding crop mix next year. Consumer confidence in the affected area is already somewhat shaken and the adverse effect to the local economy will likely be measured in the tens of millions of dollars.

However, despite threats to economic well-being, the Magic Valley continues to be a bright spot in Idaho. Consumer confidence valley-wide remains good and positive indicators are still present. New businesses, such as WOW Logistics, Inc. in Jerome and several new retailers on the North Canyon Rim in Twin Falls, continue to create jobs. Economic development has been proceeding well both in the western Magic Valley and now in Mini-Cassia with the joining of the Mini-Cassia area to the Southern Idaho Economic Development Organization (SIEDO). The outlook for the rest of 2002 is for continued low unemployment rates but some marked slowing in nonfarm job growth is anticipated, especially in the fall when school district cutbacks make themselves known. Consumer confidence will continue to be good in western Magic Valley but will probably sag noticeably in the Mini-Cassia area as the first round of Simplot layoffs hits the first of November. Much of the Sun Valley area tourism will depend on snow conditions and the ability to attract tourists around the holiday season. In summary, the Magic Valley economy will cool somewhat in the second half of 2002, but should continue showing low unemployment and, despite slowing numbers, remain one of the state leaders in job creation.

AREA DEVELOPMENTS

Cassia and Minidoka Counties

- The J.R. Simplot Company announced on July 19 that its initial layoffs will not be as large as originally expected. Instead of the 470 layoffs originally

announced, the company plans to lay off approximately 320 on November 1, 2002. These layoffs will be completed by November 14, 2002. The company also announced that the trucking division and the warehouse division may remain in some capacity even after the plant closure in 2004. In doing this, the company is reducing from four operating lines to three instead of two as originally expected. These remaining lines, which employ between 250 and 275 workers, should remain in some capacity until the plant closes in April 2004.

- The Mini-Cassia Chamber of Commerce and Mini-Cassia Development Commission both unanimously voted to join the Southern Idaho Economic Development Organization (SIEDO) to give South Central Idaho a regional economic development group. First Federal Bank agreed to match any businesses' contribution toward the \$20,000 entrance fee up to \$10,000. On July 18, Jan Rogers, Executive Director of SIEDO, spoke at the Mini-Cassia Chamber luncheon at the Rupert Elks Clubs. She discussed the advantages of a regional approach and emphasized that marketing efforts and economic development were already underway in the area. She emphasized SIEDO's commitment to working with local economic development personnel and area leaders, which will contribute to creating a strong team effort and regional cooperation.
- A Burley-area grain company has purchased the former Simplot Agrisource to help keep jobs in the area. The new company, called Agrisource, purchased the Simplot facility for an undisclosed purchase price. Other terms and conditions of the sale have not been made public. However, this does retain approximately 25 jobs that might otherwise have been lost in the wake of the closure of the Simplot Processing Plant.
- Windland, Inc. officials in Boise announced that the first commercial wind farm in Idaho is expected to be operating in Cassia County in about two years, generating enough power to supply electricity to 40,000 customers in the northwest United States. The company will construct its wind farm on Cottrell Mountain in southeast Cassia County. The facility is expected to generate 200 megawatts of power. The plan calls for erecting 130 turbines on 4,600 acres that the company will lease from the U.S. Bureau of Land Management. Construction of the project is expected to begin in early 2004 with completion and operation expected by fall of the same year. The facility could employ 20 or more people.

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